

July 27, 2000

Mary L. Cottrell, Secretary

Massachusetts Department of Telecommunications and Energy

One South Station, 2nd floor

Boston MA 02110

RE: Fitchburg Gas and Electric Light Company - D.T.E. 99-60-B, Investigation by the Department of Telecommunications and Energy on its own Motion into the Pricing and Procurement of Default Service Pursuant to G.L. c. 164, § 1B(d).

Dear Ms. Cottrell,

The purpose of this letter is to respond to the Department's order in the above mentioned docket. In its June 30, 2000 order, the Department directed distribution Companies, including Fitchburg Gas and Electric Light Company ("Fitchburg" or "FG&E"), to submit their proposed schedules for soliciting supply for default service.

FG&E has provided a default service solicitation schedule below, however since Fitchburg's total default service load is only about 6 MW, Fitchburg has contacted several other Massachusetts distribution companies regarding the potential inclusion of Fitchburg's small default service load in another larger solicitation. If Fitchburg is able to reach agreement on such inclusion in another company's proposal, then Fitchburg's solicitation schedule, and possibly class groupings, would be the same as the company with which it joined.

Fitchburg proposes to seek competitive bids for default service supply for the period from December 1, 2000 through May 31, 2001. The Company proposes to solicit bids for the default service supply using the following schedule:

| <u>Item</u> | <u>Date</u> |
|------------------------------------|-------------------|
| Issue Requests for Proposals (RFP) | September 1, 2000 |

| | |
|---|--------------------|
| Deadline for Responses to RFP | September 22, 2000 |
| Contract award date | October 6, 2000 |
| File results with M.D.T.E. | October 10, 2000 |
| File retail price changes with M.D.T.E. | October 13, 2000 |
| Commence supply | December 1, 2000 |
| Terminate supply | May 31, 2001 |

Fitchburg will seek separate bids for supply of default service requirements by customer group and will use the following rate classes as a reasonable proxy for each customer group:

| <u>Group</u> | <u>Rate Class</u> |
|-----------------------|------------------------------|
| Residential/Small C&I | RD-1, RD-2, RD-3, GD-1, GD-6 |
| Commercial/Industrial | GD-2, GD-3, GD-4, GD-5, SD |

Fitchburg will require each bidder to submit monthly prices for default service supply for each customer group. If a supplier fails to submit a monthly bid for default service supply for both customer groups, FG&E reserves the right to reject any and all bids from that supplier. Upon receipt of bids from suppliers, FG&E proposes to evaluate the bids based on a specific kWh based weighting of the bids by month to arrive at a single overall winning bidder for each customer group for the entire six-month contract term. Therefore, under FG&E's proposal, Fitchburg will contract with one or two separate suppliers (i.e., the winners of the two customer group bids).

In the Department's order in this docket, the Department indicated that its new guidelines "for pricing and procurement of default service apply to all solicitations for power to be delivered on or after January 1, 2001, unless otherwise ordered

by the Department". (p.23) In this case, Fitchburg's first power supply solicitation covering the period on or after January 1, 2001 is expected to commence delivery on December 1, 2000. For that reason, Fitchburg proposes to implement the Department's new default service pricing for usage on and after December 1, 2000, which we believe is consistent with the words of the Department's order cited above.

Fitchburg will submit its proposed six month fixed and variable retail default service prices by customer group as soon as possible after the bidding has ended, in accordance with the Department's order. Further, in compliance with the order, Fitchburg will initially assign each Residential and Small Commercial GD-1 customer to their respective six-month fixed default service price, while all other customers will be assigned to monthly variable default service prices. As further directed by the Department, FG&E will participate in a working group to develop additional recommendations for standards, protocols and schedules for information exchange with their customers regarding changes in default prices, the availability of the pricing options for customers and how customers can choose between the options.

Fitchburg's billing system can accommodate multiple default service prices. The automated recalculation and tracking of default service costs for customers taking default service under the fixed price option if they leave default service during the six-month term will require some additional programming of the billing system. The additional programming is expected to be completed in time for implementation effective January 1, 2001. Fitchburg shall notify the Department in writing if the scheduled programming is delayed for any reason and not expected to be completed in time for implementation.

FG&E hereby requests authorization by the Department to proceed with the default service schedule and processes described in this letter, commencing with the issuance of an RFP on September 1, 2000.

Thank you for your attention to this matter. If you have any questions, please contact myself or Doug Debski at 603-772-0775.

Sincerely,

Karen M. Asbury

Director, Regulatory Services

CC: Service List, DTE 99-60